

ARTICLE APPEARED
ON PAGE 31THE WALL STREET JOURNAL
1 May 1980

An Australian Bank Faces Many Charges In Fiction-Like Case

**Nugan Hand Chairman Found
Dead, Accused of Stealing;
A CIA Link Is Alleged**

A WALL STREET JOURNAL News Roundup
It has all the elements of a fictional thriller: The chairman of an international banking company is found dead under questionable circumstances. The bank goes into insolvency and the new chairman charges the late chairman with misappropriating millions of dollars. Investigators hear tenuous—and unproven—allegations that the bank associated with drug dealers and the U.S. Central Intelligence Agency.

The bank is the Cayman Islands-registered Nugan Hand Bank of Sydney, Australia. The bank is part of Nugan Hand Ltd., which is in the hands of provisional liquidators and which was the main company in the Nugan Hand International Group. The bank had operations in Australia, Hong Kong and West Germany and representative offices in about 10 other locations in Southeast Asia, Europe and the Americas, including three resident representatives in the U.S. Nugan Hand Ltd. recently changed its name to Nuhan Proprietary Ltd.

The former chairman, Francis J. Nugan, 35 years old, was found dead in his car Jan. 27 on a lonely road outside Sydney, with a bullet wound in his head and a rifle beside his body. Weeks later, with an audit under way in Australia, the bank's Hong Kong company stopped taking deposits and repaying customers. In Singapore, authorities arrested a local official of Nugan Hand on suspicion of conducting banking business without a license. And authorities in Malaysia are making preliminary inquiries into the group's activities there.

In Sydney, the late Mr. Nugan's partner and the current chairman, Michael Hand, told an inquest into Mr. Nugan's death that the late chairman had misappropriated "several million dollars" from the bank and that he had also made loans of \$3.3 million to persons and groups whose identity isn't known. "I'm advised by solicitors and accountants that there is little chance of recovering any of these moneys," the former American Green Beret officer stated in an affidavit.

"The company is insolvent and unable to pay its debts as they fall due," he said.

The provisional liquidators are expected to present their findings to the Supreme Court in the Australian state of New South Wales June 27. Meanwhile, that state's Corporate Affairs Commission has confirmed that one of the matters it's looking into is whether Nugan Hand Bank was involved in funneling CIA funds into Australia. Among the items found on Mr. Nugan's body was the business card of Washington, D.C., attorney William Colby, a former CIA director. In Washington last week, Mr. Colby confirmed that he had done legal work for Mr. Nugan but said that was the extent of their relationship.

At the inquest, a lawyer representing two insurance companies that had insured Mr. Nugan's life said the position in which Mr. Nugan's body was found indicated that he couldn't have shot himself as the police who found the body had assumed.

In the past, Nugan Hand Bank has been affected by publicity from allegations of marijuana trafficking against a Nugan family-owned fruit-packing business in Australia. But a New South Wales government commission didn't find any evidence of a link between the company and the drug business.

Nugan Hand's operations in the U.S. were limited to "trade services" for companies interested in foreign joint ventures, according to former U.S. Army Gen. Edwin Black, who acted as the company's representative in Hawaii. There was also an office in Washington, D.C., headed by retired U.S. Navy Adm. Earl Yates, and a president of U.S. operations, Donald Beazley. Mr. Beazley told a reporter he resigned from Nugan Hand more than two months ago and thinks the company today is "inactive" in the U.S.

Gen. Black said by telephone from Honolulu that the company isn't doing any business currently in the U.S. but added, "I haven't received any instructions from Sydney."

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